



# WEEKLY MARKET REPORT

Week Ending 12<sup>th</sup> August, 2022  
AWEX Northern Micron Indices Comparison



AWEX INDEX	This Week S06/22	This Week M06/22	Last Sale S02/21	Sydney Change	Last Year Sydney	Sydney Yearly Change
17	2594	2663	2639	-45	2454	+140
18	2028	2099	2058	-30	2039	-11
19	1617	1636	1683	-66	1698	-81
20	1384	1398	1442	-58	1377	+7
21	1312	1304	1384	-72	1303n	+9
26	-	645n	-	-	780n	-
28	380	398	390	-10	500n	-120
MC	866	840	913	-47	903n	-37

## A NASTY FALL TO START SALES AFTER RECESS.

The 3-week recess, a build-up of volume and the FRX ascending by over 3 cents to sit above 70 cents has all conspired to send the market spiraling down this sale to the tune of 45 cents to 1342. The big anticipated national catalogue of 60,500 bales was always going to be too much wool on offer in the opening sale after the winter recess. This problem has become an annual event following a recess. The build-up of wool becomes too much for the trade to handle and the market falls. Shortening the recess to 2 weeks has been discussed, but the 2 sides (buyers and brokers) are worlds apart on how to solve the problem. The likely hood of restricting volumes would be impossible to enforce as this would be a restriction of trade. Some brokers need to spread their quantity more evenly over the opening 3 sales to alleviate the problems of too much wool to almost not enough wool in the first few sales.

In the wash-up, most sectors were savaged by big reductions in prices. Merino fleece lost 30 to 75 cents, bar 17.5 micron- just a 15-cent fall. Only the very best types with the correct specs were immune from the big drop, about 20 cents off the pace. Skirtings also fell sharply, 40 to 60 cents taken off their levels, bar the very good types again like their fleece counterparts about 20 cents off. Cardings were also punished, with falls of 35 to 50 cents across the board. Crossbreds looked to be the least affected sector as losses ranged from 10 to 20%. The national pass-in rate rose to 22% with 7% withdrawn. Although, the AWEX EMI fell by 45 cents to 1342, it actually rose in US\$ terms by 12 cents to 949. The opening 3 sales of this season have been disappointing with the EMI falling by 87 cents and with the final sale in June dropping by 44 cents, the 131-cent fall equates to an 8% fall.

This week's market fall was almost universally tipped by buyers and exporters. After the opening day's losses, the market did steady in Sydney. Some types did even claw back some of the losses in Fremantle and Melbourne on the 2<sup>nd</sup> day and in the final session in Melbourne the market was quoted as solid- a signal that maybe the market has found the bottom for the time being. National quantities fall back to more manageable numbers over the next 3 sales to average 43,000 bales, a much more palatable figure for buyers. The rise in the FRX (4.7%) held most of the blame for the markets demise which fell by 3.2%, when looking at these figures the market could've been a further 20/30 cheaper. Competition was dominated by China's biggest top-maker, Australia's leading manufacturer and local traders with Europe's largest processor dominating the XB sector. Next week's offering is just under 50,000 bales, hopefully not too much for the trade to absorb with the current FRX around 70 cents.

### Southern Aurora Forward Prices

Micron	Date	Low
21	Aug 22	1320

### Main Buyers (this week)

1	Tianyu Wool	4841	2	Endeavour Wool	4636	3	Techwool Trading	4516
4	Fox & Lillie	3872	5	Australian Merino	3038	6	Michell Wool	1815

Eastern Market Indicators (AUD cents/kg clean)  
1342 cents ↓ 45 cents compared with 15/07/2022

Northern Market Indicators (AUD cents/kg clean)  
1418 cents ↓ 46 cents compared with 15/07/2022

AUD/USD Currency Exchange  
0.7073 ↑ 0.0316 compared with 15/07/2022